

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Twelve)

Docket No. RM2015-5

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued October 8, 2015)

On August 28, 2015, the Postal Service filed a status report in response to Order No. 2462.¹ To further clarify the information produced by the Postal Service in the Status Report, the Postal Service is requested to provide written responses to the following questions. Answers to questions should be provided as soon as they are developed, but no later than October 22, 2015.

1. Please refer to page 3, Attachment 1 of the Status Report, where the Postal Service states that "the analysis dataset is limited to just 17 quarterly observations," thereby limiting the robustness of the variability equations in the cost model.
 - a. Please explain whether it is possible to disaggregate the quarterly observations into monthly, weekly, and/or daily observations.
 - b. If it is possible to disaggregate the quarterly observations, please provide a re-run cost model, with supporting workpapers, which utilizes the disaggregated observations.
2. Please refer to page 6, part C, Attachment 1 of the Status Report, which details the estimation of the variability equations for the different call center functions.

¹ Status Report of the United States Postal Service Regarding Order No. 2462, August 28, 2015 (Status Report).

- a. On page 8 of the Status Report, the Postal Service states that since “GoPost relates to the delivery of parcels to lockers..., the relevant volume for measuring variability is parcel volume.” Similarly, on page 12 of the Status Report the Postal Service states that the relevant volume for measuring the variability of redeliveries is “total parcel volume.”
 - i. Please confirm that GoPost and redelivery volumes can be used to measure variability in place of total parcel volume. If confirmed, please explain whether using GoPost and redelivery volumes would improve the proposed variability equations.
 - ii. If not confirmed, please explain why GoPost and redelivery volumes cannot be used in place of total parcel volume.
- b. Please refer to page 15, Attachment 1 of the Status Report, where the Postal Service explains that selling stamps was not the initial purpose of the call centers and that they have “evolved to accommodate the occasional request to purchase stamps over the telephone.” The Postal Service adds that call center personnel indicate that few calls relating to stamps result in the sale of stamps.
 - i. Please provide the proportion of calls about stamps that result in the sale of stamps.
 - ii. Given the Postal Service’s statement that few calls concerning stamps result in the sale of stamps, please explain why it is appropriate to use total stamp volume for determining the variability of calls concerning stamps.
 - iii. Please confirm that a more accurate variable could be used to determine the variability of calls concerning stamps that do not result in the sale of stamps. If confirmed, please explain how such a variable would be developed. If not confirmed, please explain why it is not possible to develop a more accurate variable.

3. Please refer to page 17, Table 6, Attachment 1 of the Status Report. In this table, the effect of contemporaneous parcel volume is shown to be statistically insignificant and the effect of lagged parcel volume is shown to be statistically significant. Please identify and discuss the likely economic and/or operational causes for the statistical insignificance of contemporaneous volume.
4. On page 20, Attachment 1 of the Status Report, the Postal Service states that the data “is not yet sufficient to overturn the initial assumption that the volume-variable call center variabilities are 100 percent.”
 - a. Please explain how many additional quarterly (or, if applicable, monthly, weekly, or daily) observations would be necessary to overturn this initial assumption.
 - b. Given the eventual availability of more complete data, please explain when the Postal Service expects to reassess the robustness of the call center variabilities models.

By the Acting Chairman.

Robert G. Taub